

**MINUTES OF THE
RETIREMENT AND INDEPENDENT ENTITIES COMMITTEE**
Monday, July 17, 2006 – 9:00 a.m. – Room W135 House Building

Members Present:

Sen. Beverly Evans, Senate Chair
Rep. Mike Morley, House Chair
Sen. D. Chris Butters
Sen. Gene Davis
Sen. Karen Hale
Sen. Carlene Walker
Rep. David Clark
Rep. Neil A. Hansen
Rep. Ann W. Hardy
Rep. Rebecca Lockhart
Rep. Karen W. Morgan
Rep. Merlynn T. Newbold
Rep. LaWanna "Lou" Shurtliff

Members Absent:

Rep. Ron Bigelow

Staff Present:

Mr. Benjamin N. Christensen, Policy Analyst
Mr. Dee S Larsen, Associate General Counsel
Ms. Glenda S. Whitney, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Evans called the meeting to order at 9:15 a.m.

MOTION: Sen. Hale moved to approve the minutes of the September 13, 2005 meeting. The motion passed unanimously with Sen. Davis and Sen. Walker absent for the vote.

2. Utah State Retirement Systems - Overview of History and Purposes, and Defined Benefit Plans

Mr. Christensen and Mr. Larsen presented a slide presentation and distributed a handout, "Utah State Retirement Systems Defined Benefit Overview." They presented a historical overview on the retirement systems and briefed the Committee on retirement provisions, who participates in the retirement systems, and how the systems are funded.

Mr. Larsen distributed a handout and presented an overview on "Pension System Principles."

Mr. Christensen distributed a handout and presented an overview on "Utah Retirement Defined Benefit Summary - 2005 System Comparison."

Committee Break - Chair Evans recessed the Committee at 10:28 a.m. and reconvened at 10:52 a.m.

3. National Retirement System Solvency Trends and the Utah Retirement System

Mr. Robert V. Newman, Executive Director, Utah State Retirement Systems, distributed handouts, "Presentation to Retirement and Independent Entities Committee" and "Defined Benefit Plans vs. Defined Contribution Plans." He presented an overview on what other states provide for public employees' retirements and what trends are emerging. He briefed the Committee on how Utah compares to other states on benefits

and financial solvency and how Utah retirement systems are managed. He presented an overview on: a) what is the role of an actuary; b) what are the primary goals and approaches used in administering the Utah system; c) how funds are protected; and d) how administrative costs are funded.

Chair Evans indicated that the next meeting of the Retirement and Independent Entities Committee will be scheduled for Monday, September 18, 2006 from 9:00 a.m. to 4:00 p.m.

Lunch Break - Chair Evans recessed the Committee at 12:02 p.m. and reconvened at 12:45 p.m. Lunch was provided for committee members and committee staff only.

4. Retirement Fund Fiduciary Overview

Mr. Daniel D. Andersen, Council, Utah State Retirement Systems, presented a slide presentation and distributed a handout, "Utah Retirement Systems Fiduciary Overview." He briefed the Committee on the fiduciary obligation of the fund and the Retirement Board as it relates to investing and managing fund assets. He presented an overview on the structure of the funds and trusts.

5. Contribution Rates - Utah State Retirement Systems

Ms. Juliann Tennert, Office of the Legislative Fiscal Analyst, distributed a handout, "Utah Retirement Systems Defined Benefit Plans Contribution Rates." She presented an overview on: a) how contribution rates are set; b) how much it costs to fund the contribution rates; c) how contribution rates compare with other state expenditures overtime; d) what happens if contribution rates are not fully funded; e) what the effect is of changing the benefit structure on contribution rates; and f) how retirement-related legislation is funded.

6. Retirement Fund Investment Philosophy, Asset Allocation, and Performance

Mr. Rich Eggett, Assistant Analyst, Utah State Retirement Systems, presented a slide presentation, "Asset/Liability Study." He presented an overview on retirement fund investment philosophy, asset allocation and performance. He addressed the following questions: a) how retirement funds are invested; b) how they are managed for the benefit of the retirement systems; c) what has been the fund performance; and d) how investment years are averaged.

Mr. Eggett and Mr. Newman responded to Committee questions.

Chair Evans requested that Mr. Eggett provide the Committee staff with a copy of his slide presentation.

7. Defined Contribution Plans

Mr. Craig D. Stone, Director - Define Contribution Plans, Utah State Retirement Systems, presented a slide presentation and distributed a handout, "401 (k) and 457 Plans Roth and Traditional IRAs Investment Options." He briefed the Committee on: a) what are 401 (k) and 457 defined contribution plans; b) how they are managed and funded; c) who is eligible to participate; d) why these plans are offered; and e) how investment options have performed.

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8. Other Committee Business

None

9. Adjourn

MOTION: Sen. Buttars moved to adjourn the meeting. The motion passed unanimously with Sen. Davis and Rep. Lockhart absent for the vote.

Chair Evans adjourned the meeting at 2:52 p.m.